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THE OPPOSITION TO MUNICIPAL SOCIALISM IN ENGLAND.

DURING recent years local authorities in England have been rapidly and widely extending their sphere of operations in various industrial undertakings. This enlargement of the business of town and borough beyond those purely governmental functions which they have enjoyed for centuries, involving as it does active participation in industries formerly owned and managed altogether by private enterprise, has been called municipal socialism. In cases where the avowed object of the promoters is to reap profits which may be devoted either to the improvement of the industry in which they are gained, or to the building up of some other, the term "municipal trading" is applied. Though there is considerable confusion of terms, it is this phase of municipal growth which has provoked the strongest opposition.

The closing decade of the nineteenth century witnessed a phenomenal growth of this policy, both as regards the number of municipalities adopting it and the assumption of novel undertakings by those already engaged in furthering public enterprise. Consequently animated discussions have arisen over the limits of public and private enterprise. The question of what is a universal user, and whether only such industries as fall under that category ought to be publicly owned or controlled, have been commented on in many different ways, and with widely divergent results. Majority and minority users have been debated upon in the same way. Profit making; the application of profits to different purposes, such as decreasing rates, supporting other industries, or general improvements in machinery or management; the manufacture and sale of by-products; and the manufacture and sale of instruments for using the ordinary products, for example, stoves and gas fixtures, are all unsettled questions confronting the government and the opponents and advocates of municipal socialism.

In entering upon a discussion of the various questions broached, it is imperative to have a clear idea of the geographical, industrial, and financial extent of the movement. Approaching these topics separately, the geographical status deserves first consideration. There are

719¹ municipal and other local bodies in the United Kingdom. Of these 339 are engaged in industrial undertakings, 265 in England and 74 in Scotland, or a trifle more than 45 per cent. These towns and boroughs are not confined to any particular section of the country, but, on the contrary, are widely and rather evenly distributed. In Scotland the proportion is somewhat higher than in England. The different counties are represented as follows :

<i>Southeastern.</i> —Berks, Kent, Southampton, Surrey,	
Sussex, Isle of Wight - - - - -	34
<i>South Midland.</i> —Bedford, Buckingham, Cambridge,	
Isle of Ely, Hertford, Huntingdon, Northampton,	
Oxford, Soke of Peterborough - - - - -	19
<i>Southwestern.</i> —Cornwall, Devon, Dorset, Somerset,	
Wilts - - - - -	41
<i>Eastern.</i> —Essex, Norfolk, Suffolk - - - - -	
	24
<i>West Midland.</i> —Gloucester, Hereford, Salop, Stafford,	
Warwick, Worcester - - - - -	34
<i>North Midland.</i> —Derby, Leicester, Lincoln, Notting-	
ham - - - - -	15
<i>Northwestern.</i> —Chester, Lancaster - - - - -	
	40
<i>Yorkshire.</i> — - - - -	
	26
<i>Northern.</i> —Cumberland, Durham, Northumberland,	
Westmoreland - - - - -	15
<i>Monmouth and Wales.</i> —Monmouth, Anglesey, Car-	
narvon, Denbigh, Montgomery, Brecknock, Car-	
digan, Carmarthen, Glamorgan, Pembroke - - -	27
<i>Scotland.</i> — - - - -	
	74

Although this table² shows that the interest in municipal socialism is prevalent throughout Great Britain, it can also be seen that the highest stage of development has been reached in the north, across Lancashire and Yorkshire. Here are found the great manufacturing and commercial towns, Manchester, Liverpool, Oldham, Bradford, Huddersfield, Leeds, Sheffield, and Hull. Public ownership and operation is widely carried on in all of them.

Some towns hold their markets by ancient charter, but the rest of their industries are of recent growth. The public works are distributed thus :³

¹ *Parliamentary Report*, p. 4, qu. 13.

² Compiled from *Parliamentary Papers*, Nos. 88 and 347. See *Report*, Appendices B and C.

³ *Ibid.*

	England	Scotland	Total
Waterworks - - - - -	173	53	226
Gas works - - - - -	85	34	119
Markets - - - - -	195	2	197
Tramways - - - - -	15	3	18 ¹
Electric lighting - - - - -	54	6	60
Baths, etc. - - - - -	110	2	112
Cemeteries - - - - -	63	1	64
Working-class dwellings -	7	..	7
Piers, quays, etc. - - - -	14	1	15
Total - - - - -	716	102	818

Sewage-disposal works, allotments, slaughter-houses, public libraries, harbors, and other undertakings from which revenue is derived, are also carried on by many towns. But these industries are considered as inseparably bound up with the ordinary governmental functions, and therefore not to be discussed as having any part with municipal socialism. Among the more unusual enterprises are wash-houses, crematories, gymnasia, apparatus for games in parks, lodging-houses, manufacture and supply of electrical fittings, provisions for entertainments with power to charge admission, manufacture of residual products of gas, omnibus service in connection with tramways, refreshment rooms, refrigerators, manufacture and sale of ice, acquisition of patent rights, construction of dynamos and steam engines, insurance, manufacture of concrete paving, supply of sea water for private purposes, provision of nurses for infectious diseases, and construction of catacombs.² The exercise of these novel powers is what arouses the strongest opposition.

The amount of capital³ involved in these industries is \$440,726,-975. Ninety-four per cent. of this is borrowed, the other six being provided by the corporations. Thirteen per cent. has been paid off, and four is in sinking and loan funds. More than half the entire capital is invested in waterworks construction and operation. Almost a quarter of the capital is connected with the supply of gas. A list of

¹ Operated; 48 others simply owned.

² *Parliamentary Report*, p. 462, Appendix I. Paper handed in by Mr. Sidney Morse.

³ *Parliamentary Paper 88*. The figures are up to March 31, 1898. See *Report*, p. 377.

the undertakings with the amount of capital used in each will best show how this great sum of money is dispersed :¹

Waterworks	-	-	-	-	-	-	\$242,174,450
Gas works	-	-	-	-	-	-	100,878,820
Piers, quays, etc.	-	-	-	-	-	-	23,987,445
Markets	-	-	-	-	-	-	23,851,505
Electric lighting	-	-	-	-	-	-	17,083,555
Tramways	-	-	-	-	-	-	16,068,270
Baths, etc.	-	-	-	-	-	-	7,490,395
Cemeteries	-	-	-	-	-	-	5,214,365
Working-class dwellings	-	-	-	-	-	-	3,593,170
Miscellaneous	-	-	-	-	-	-	371,000

Considering the credit of the account, the average annual income from all the industries amounts to \$44,491,880 and the net profit to \$18,068,340. The average yearly payment of principal and interest on the borrowed capital is \$15,636,355. The increase in the outstanding loans of local authorities by five-year periods is shown in this table :²

1874-5	-	-	-	-	-	-	\$ 464,100,500
1879-80	-	-	-	-	-	-	784,670,350
1884-5	-	-	-	-	-	-	866,039,840
1889-90	-	-	-	-	-	-	993,356,560
1894-5	-	-	-	-	-	-	1,176,695,245

In 1896-7 the amount was \$1,260,667,870.

At present the state of municipal socialism is one of uncertain suspense, for until the final report of the parliamentary commission is made public the limits of its activity in the future remain unknown. The attitude of the government during the past few years has been liberal, and legislation has conduced to the extension of local authority, for it was once quite a difficult matter to persuade any of the corporations to undertake duties and responsibilities outside of that demanded by their purely governmental functions. Confidence grew after some years, and a number of towns took advantage of the government's offers. By still further grants of power Parliament encouraged this movement. The Electric Lighting Act of 1882 permitted local authorities to supply persons beyond their own districts. During that and the following decade a large number of special acts,

¹ *Ibid.*

² Appendix, *House Report*, p. 459. Paper compiled by Mr. Morse from the Local Government Board's *Twenty-eighth Annual Report*.

standing orders, improvement acts and corporation acts have placed the local authorities in an undefined and conflicting relation with the Board of Trade, the Home Office, the Local Government Board and Parliament. The eagerness to encourage local improvements resulted in legislative latitude. Special grants interfered with standing orders, and the work of parliamentary committees interfered with the work of other departments. As a result the government seems to have lost its grip on the subject.¹ The evidence of government witnesses before the commission tends to confirm this assumption. Local corporations generally are aware of this and are taking advantage of it to secure all the leeway possible. The result is a certain lack of prevision and a rashness that has involved several towns in financial and administrative difficulties.

The popular attitude to the whole question seems to be that of indifference. At least they raise no very strong objections from the consumer's and user's standpoint. Nor do those of the people who have to face the question as ratepayers. Assent is the verdict of the ratepayer, the consumer, and the user. From the business quarter, however, comes a powerful opposition. It unites the great financial interests whose welfare is so closely connected with the big private commercial and manufacturing establishments of the country. To them all this increase of public enterprise is an encroachment upon, an invasion of, the domain of private business. It is on this conflict of public and private enterprise that the opposition to municipal socialism has concentrated. They claim that the service of private companies is better than that of public corporations; that private companies induce competition which is the life of all business, while public operation creates a monopoly and produces business stagnation; that competition compels modern improvements and methods, while public monopoly discourages invention or improvement of any kind; that with a lessening of private business goes a lessening of individual effort and energy.

Such a discussion opens up the question of the public engaging as a body in the performance of that which was formerly carried on by private parties. If the products of private enterprise satisfy the public demand, what reason is there for changing the manner of production? If all public and private utilities and conveniences, all the commodities and necessities of life, all the fruits of the combined

¹ Evidence of Sir Courtenay Boyle. *Report*, pp. 3-20, 347-376.

efforts of nature, labor and capital, can be better produced and distributed by men as individuals than by men as a corporate body, why should private enterprise be subjected to this new competition and not allowed the free path it has been wont to pursue? Is this but another step in that evolution of industry which caused the factory to supplant the individual laborer, the partnership to succeed the single manufacturer, and the corporation to absorb the partnership? This is a recent departure in government function. There is underlying the movement a strong indefeasible cause which a brief résumé of the economic, social, and political history of the past century may discover. The mutual interdependence of these three phases of change and growth makes a separate treatment of each impossible. The industrial revolution brought about a readjustment of population. Manufactures drew upon the rural districts and gave birth to the modern city. Commerce received a new lease of life, and produced another drain on the country. Economy of space and time became essential to success. The great, congested centers of population grew rapidly. Business methods were revolutionized. They absorbed all of man's energies, and government suffered. New conditions demanded new methods in governmental administration, especially in the towns. Improved sanitation, rapid transit, artificial light and pure water supply taxed the ingenuity of the authorities to the utmost. After the essentials came the demand for other conveniences, then for educational facilities, then for means of recreation. All these matters caused the extension of municipal government. At first private individuals with capital behind them relieved the authorities of certain duties. Then they joined hands and the company became a public servant. But as the towns increased in wealth, and more able men went into office and public opinion strengthened, with an eye to greater perfection in public service, Parliament began to grant to the municipal corporations the privilege of doing their own work. The opportunity for self-employment, the sense of co-operation, and the personal interest of the public has increased this. This may be the *raison d'être* of municipal socialism in England.

The many industries now carried on by town corporations were formerly conducted by private business concerns. Of necessity the revenue of some companies has been cut down. In some cases companies have had to quit business altogether. Grievances of these companies have been aired in Parliament. The irresponsibility and

indefiniteness of the government's position in the matter have added to the confusion. Finally the whole controversy was referred to a joint select committee of ten members of Parliament, five lords and five commons. The object of the inquiry is to make special investigation of the question of novel powers and the extension of industrial undertakings beyond the town's borders, and to make suggestions as to the limits of municipal trading in the future.¹

Fifteen sittings were held between the 18th of May and the 27th of July, and thirty-five witnesses examined.

The witnesses may be roughly divided into three classes, as representing (1) the government, (2) the municipal corporations, (3) general business interests.²

¹ On May 1, the following commons were appointed members of the committee: Mr. Grant Lawson, Mr. Hobhouse, Sir Samuel Hoare, Sir Walter Foster, and Sir Leonard Lyell. Later Mr. Lewis Fry was substituted for Sir Samuel Hoare. The Lords appointed Lords Rothschild and Windsor, Viscounts Peel and Hampden, and the Earl of Crewe. Some of these Peers and Commoners had had municipal experience. (*Municipal Journal*, May 25, 1900.) Mr. Fry was prominent in the affairs of the Bristol corporation, and at one time chairman of the local school board. Lord Windsor was Mayor of Cardiff in 1896. Viscount Hampden has been a county councilor for Herts. Mr. Hobhouse is an authority on local-government law, and has written for publication on the subject. He is the author of the *County Councilor's Guide*. Viscount Peel held the positions of Parliamentary Secretary to the Poor Law Board and later to the Board of Trade twenty years ago. Sir Walter Foster's experience is more recent, for in 1895 he was Parliamentary Secretary to the Local Government Board. The Earl of Crewe who has made some study of municipal affairs was chosen chairman. Their commission read as follows: "to consider and report as to the principles which should govern powers given by bills and provisional orders to municipal and other local authorities for industrial enterprise within or without the area of their jurisdiction." Witnesses were examined by the question and answer method, and were allowed to hand in written tables and statements.

² In the first class are Sir Courtenay E. Boyle, permanent secretary to the Board of Trade; Mr. Albert Gray, counsel to the Lord Chairman of the Committees in the House of Lords; Mr. Charles Troup, a principal clerk at the Home Office; Hon. E. Chandos Leigh, counsel to the Speaker; Mr. S. B. Provis, secretary to the Local Government Board; Mr. Alfred Bonham-Carter, referee on the Private Bill Committee of the House of Commons; the Earl of Morley, chairman of Committees in the House of Lords; Mr. Charles W. Campion, examiner and taxing officer in the House of Commons; and Sir Robert Hunter, solicitor to the Post Office.

As representatives of the town corporations the following appeared: Mr. W. G. Floyd, elective auditor for the city of Birmingham; Mr. Orford Smith, town clerk of Birmingham; Sir Thomas Hughes, an alderman of Liverpool for twenty-three years, justice of the peace, and member of the Liverpool Chamber of Commerce; Mr. James W. Southern, for twenty three years councilman of Manchester, and a representative

The *Report on Municipal Trading* embodies the results of these fifteen sittings. It is a "blue book" containing 350 pages of testimony and 150 of statistics in the appendix; 4408 questions and answers form the testimony and twenty-three papers in the appendix.

on the Ship Canal Board; Mr. David S. Ward, for fifteen years alderman of Harrogate; Mr. Samuel Chisolm, Lord Provost of Glasgow; Mr. William J. Jeeves, town clerk of Leeds, formerly of St. Helen's and later of Peterborough; Mr. John M. Hayton, town clerk of South Shields, solicitor to the corporation and clerk to the Urban Sanitary Authority; Mr. David S. Waterlow, member of London County Council, and chairman of Housing of Working Classes Committee; Dr. George C. Kingsbury, mayor of Blackpool, member of Lancashire County Council, and vice president of Lancashire Non-County Boroughs Association; Mr. John W. Benn, member of London County Council and chairman of Highways Committee.

Private business concerns sent the following men to lay their interests before the commission: Mr. Sydney Morse, chairman of Municipal Trading Committee of the London Chamber of Commerce, and ex-officio member of the London County Council; Mr. Emile Garcké, a member of the Institution of Electrical Engineers; Mr. A. A. Campbell Swinton, a member of the Institution of Civil Engineers, and managing director of several companies; Sir Benjamin C. Browne, chairman of R. & W. Hawthorn, Leslie and Company (engineers and shipbuilders), formerly assistant engineer under River Tyne Commissioners and to the Isle of Man Harbour Commissioners, twelve years town councilor and two years mayor of Newcastle, Poor Law guardian and magistrate for Newcastle, Northumberland, and Gloucestershire, also director of two electric lighting and some other companies; Mr. William M. Murphy, a railway and tramway promoter, a director in several undertakings, chairman of Dublin United Tramways, director of Cork Electric Tramways and Lighting, Belfast Street, and London Southern Tramways Companies; Lord Avebury, president of English Bankers' Association, Association of Chambers of Commerce, Statistical Society, Building Societies' Association, and vice president of London Chamber of Commerce; Mr. William L. Magden, a member of the Institution of Electrical Engineers; Mr. Dixon H. Davies, secretary of Chesterfield Chamber of Commerce; Mr. Robert H. Smith, general secretary of the Ironmongers Federated Association; Mr. George Livesey, chairman of the Gas Companies Protection Association, member of the Institution of Civil Engineers, and chairman of South Metropolitan Gas Company; Mr. James Kelly, magistrate for Glasgow, and member of Board of Management of Traders' Defense Association of Scotland; Mr. William Shepherd, a builder and contractor, for several years a member of the Metropolitan Board of Works, past president of London Master Builders Association, and member of Institute of Builders; Mr. Gerald Briggs, chairman and managing director of Shap Granite, Victoria Patent Stone, Croft Granite Non-slip Stone, Imperial Stone, Joseph Brooks and Sons Companies; and Mr. Edward L. Gaine, General Manager of National Telephone Company.

There is one witness who can hardly be properly placed in any of these classes, Mr. William Maxwell, president of the Scottish Co-operative Wholesale Society. Although he represents business interests, they are not of a private nature, but rather of a socialistic tendency. Contrary to the opinion of the other business men he is decidedly in favor of municipalized industries.

These latter are a thirty-page "memorandum on the relation of local authorities to electric lighting, gas, and tramway undertakings;" two reprints of parliamentary papers giving a detailed account of municipal industries, geographical, financial, and industrial, in England and Scotland; six papers compiled by Mr. Morse, which will be further considered with his testimony; four papers from government officials, five from Messrs. Waterlow, Livesey, and Swinton (illustrating points in opposition), and seven from witnesses friendly to the policy of municipalities engaging in business enterprises.

Although various objections were raised during the examination of government witnesses to the advantage taken under the law by local bodies to exceed their powers, the purpose of the committee was not to secure any expression of opinion from them, but merely to discover, if possible, the precise relation existing between these local bodies, on the one hand, and the Board of Trade, the Local Government Board, the Home Office, and the Standing Committees of Parliament on the other. But from witnesses representing private business of any kind, expression of opinion as a result of experience or observation was desired. It is from these that the strongest and most fundamental arguments against municipal socialism come. The endeavor was made by the committee to hear those who had made a study of the question and felt impelled to oppose the growth of the movement, as well as representatives of any industry which had suffered in competition with it.

Mr. Morse was one of the most prominent exponents of the evils of the new system. He has voiced his opinions and the results of his investigations from time to time through the magazines, and is a vigorous opponent to municipal trading. This witness is also a solicitor for quite a number of electrical and tramway companies, and therefore spoke from a standpoint of personal interest, although he appeared primarily in behalf of the London Chamber of Commerce. "The general question" was the topic which he elected to discuss. A list of the large number of matters placed in the hands of local authorities by the Public Health Act, and other acts, was handed in to illustrate how full the hands of these officials already were without engaging in trading affairs.¹ In this list are 114 affairs which it is the duty of the town officials to look after. He complained that the authorities, in their endeavor to keep down the rates, increased the ratable value of

¹ Appendix E, *Report*, p. 455.

the towns, and were anxious to get hold of trading undertakings so as to apply the profits derived from them to reducing the rates. Manchester's annual profit of \$250,000 from gas was cited as an instance. Mr. Morse estimated the total yearly profit of municipalities generally, on gas and water alone, to be some 15 or 20 million dollars. To illustrate the enormous amount of work devolving on town councils, he stated that the London Council had already twenty-six committees, and showed a copy of their minutes for one day which covered fifty printed pages, even though they did not carry on the water, gas, or electricity supply. He found much fault with the Tramways Act and said: "The local authorities do not consider whether the proposed tramway is in the public interest or not. They apparently consider the power of veto as one on which to hang conditions." The clause providing for the sale at the end of twenty-one years, at their then value, was condemned as imposing great hardships on the companies. Local authorities operating gas works hindered the spread of electric lighting because they feared its competition. A statement compiled from the Board of Trade returns for the past ten years was handed in to show that municipal undertakings were increasing.¹ In 1890 the figures were \$23,399,140, and in 1900 \$155,525,185. For the two years, 1899 and 1900, more than 350 million dollars was asked for in municipal bills, while during the nine preceding years only a trifle over half of that amount was asked for. Another document prepared by Mr. Morse for the Local Government Board Returns shows the extent of the borrowing powers exercised by virtue of local acts in Parliament without sanction of the board.² The specific sums granted during the sessions between 1872 and 1898 amounted to \$415,243,440; the outstanding loans of local authorities increased from \$464,100,500 in 1875 to \$1,260,667,870 in 1897, an increase of 172 per cent.; the amount of debt per dollar of ratable value was eighty cents in 1875, and \$1.50 in 1897; between these years the proportion of local to national debt rose from 12 to 39 per cent. These figures are intended to contrast the expenditures in purely local government matters and trading undertakings. In regard to the management and practical working of tramways Mr. Morse said that municipalities have very little experience in matters of that sort, and that therefore their operation was not as efficient as that by companies. He then advanced the general principle which he thought ought to be adopted by the committee

¹ Appendix F, *Report*, p. 457.

² Appendix H, *Report*, p. 459.

in dealing with the whole question, which was, "that the actions of municipalities in trading should be restricted to matters undertaken in the public interest, and without a view to profit, in fact, to matters in respect of which it is reasonable that a rate should be made." Municipal officials and employees, as an important electoral factor and as involving the corporations in labor disputes, furnished another argument. For instance, the various enterprises of Glasgow employ over 200,000 people. Bath was cited as an illustration of a town in which the authorities were overworked, for it had established an electric-light undertaking, but still allowed its sewage to run into the river. Other arguments brought forward were, that municipalities paid higher wages and allowed shorter hours, thereby causing discontent among those employed by private companies; that having put down works it was not able to take advantage of modern improvements and inventions; that it was a clear case of economic unfairness for a municipality to supply a commodity that was not a "universal user;" that water was the only commodity which could be so considered, and that therefore municipal undertakings should not go beyond that.¹

Mr. Garcké is a man who has had wide experience in electrical affairs, having served as the director of a great many undertakings, fifty or sixty being tramway concerns. Having come in touch with such a number of local authorities, he has had an opportunity to view the question from both sides. He distinguished between municipalization and municipal trading; the former he did not object to, the latter he did. His point is that it is all right for a local authority to undertake an industrial enterprise if it is in the interests of the community at large, but this should never be done with an eye to profit under any circumstances. In case of an accidental surplus it should not go to the reduction of rates, but to the development of the undertaking and the reduction in the price of the commodity. The surplus of one undertaking of general user should not be applied to some other object of equally general user, as that would be bad finance. One of the strongest reasons why it is sometimes possible for municipalities to carry on undertakings better than private capitalists is that they enjoy the right of perpetuity, while the latter have a grant for a limited time, and are much hampered by conditions and terms. Private enterprise should not be discouraged from taking the initiative, a step which local authorities, as a rule, are not able to take. The

¹ For his evidence see *Report*, pp. 55-70.

Tramways and Electric Lighting Acts are very unfair to the capitalist, for they provide for the purchase by the public of private industries on terms that are far from fair. Mr. Garcké, by means of a chart, showed that most municipal undertakings were being run with a view to profit, and, therefore, he was opposed to the majority of them. He considered the danger of overtrading the foremost objection to municipal trading, for while there are physical and financial limits to the operations of companies and private capitalists in this direction, there are practically none to those of municipal corporations. One of the worst features he could think of was a case where a corporation was in treaty with a company to buy electric current in bulk and sell it at a profit. A comparison was made between the condition of the electrical industry in England with that of Germany and America, taking four or five leading manufacturers in the first-named country whose combined capital amounted to only ten million dollars, while the same number of firms in Germany had a capital of 65 million dollars. The dividends of the English firms were from $4\frac{1}{2}$ to 5 per cent., and those of the German firms from 10 to 25 per cent. Besides this a great deal of electrical machinery was imported from America. This state of affairs he laid at the door of municipal trading. A rather novel objection urged by Mr. Garcké was that there was a danger of diverting the staple industry of a town.¹

Another electrical expert, Mr. Swinton,² who is also managing director of some companies, extended the argument of Mr. Garcké, that municipal trading was responsible for the backwardness of electrical manufacturing in England. In support of this position he handed in a statement of fifty-four municipal electric-lighting orders in the case of which at least four years elapsed between date of order and commencement of supply, and a list of thirty-seven which had been granted between 1890 and 1895 under which no supply was available in 1900. In some of these latter cases ten years had elapsed. His objection to public working of tramways was that a new method of transportation (*e. g.*, motor cars) might come into competition with it in the future, and the municipalities would resort to keeping the roads rough or some other method of maintaining their monopoly. He attributed the increasing activity of town corporations to the desire of their officials to secure higher salaries, and termed the

¹ For evidence see *Report*, pp. 83-102.

² See article by Mr. Swinton in *Nineteenth Century*, February 1900.

Municipal Corporations Association "a sort of mutual admiration society." Mr. Swinton also referred to a practice which he did not think was generally known—that a few parliamentary agents were in the habit of dividing their fees among the town clerks.¹ As an instance he named South Shields.²

Sir Benjamin Browne testified from long experience in both company and local-government work. He is an employer of three or four thousand men in an engineering and shipbuilding firm, and for many years was officially connected with the city of Newcastle. Because of different width of gauges and local jealousy, the operation of tramways by local authorities discourages the growth of combinations and a continuous system; members of corporations were not chosen for their technical knowledge and skill, and, therefore, could not, even though they might be experienced officials, take the place of directors; it is unfair that rate-payers should be compelled to invest their money in municipal undertakings against their will; the tendency was for paid officials to gain control of the undertakings; the average municipal area was not suited for municipal trading—these in brief were the arguments of Sir Benjamin Browne against municipal socialism. One of his statements gives in a nutshell his personal opinion on the matter. When asked by Viscount Peel, "What are the enterprises you think a municipality might wisely undertake?" he replied, "Nothing that they could get anybody else to undertake."³

The standpoint of the company promoter was shown in the evidence of Mr. Murphy,⁴ who has had considerable experience in bringing about combinations of rail and tramways. He stated that Dublin, with the exception of Bristol, was the only town of any size in Great Britain operating electric tramways. This he thought was due to the purchase clause in the Tramways Act which directly fostered municipal trading in that industry, and kept most of the English towns using the old motor power of bygone days in civilized countries, the horse. The action of the Glasgow corporation when it began operating its trams in 1885 was cited, for although electric traction was at that time an assured success in America and on the continent and even in Dublin, nevertheless a new horse plant was purchased to work them, and the newer motor power not introduced until later. Mr. Murphy said

¹ For evidence see *Report*, pp. 102-105.

² Mr. Hayton, the clerk in question, denied this. *Report*, p. 257.

³ For evidence see *Report*, pp. 107-114.

⁴ *Report*, pp. 114-121.

that public operation of lighting in Dublin was a dismal failure. He also admitted that his roads had been constructed for the most part by a British branch of an American firm.

Lord Avebury has written¹ and thought so much about the general subject that he has his arguments all ready in outline. They are these:² local indebtedness is unduly increased; private enterprise is checked; the great demand on the time of municipal councilors, which has the twofold objection of precluding the devotion of sufficient time to the complex and difficult municipal problems, and of preventing men who have businesses and professions of their own from entering municipal life; the undesirability of involving municipal bodies in labor troubles; the interference with natural laws has a tendency to defeat the very object in view; and there is an almost certain risk of ultimate loss. He believes that had the local authorities had nothing to do with housing the working classes as much would have been done as has been done; that no novel powers should be granted without a special inquiry by Parliament; that the government or local authorities should be represented on the tramway, gas, water, and electric light companies.

A commercial view³ of the question showed that there was objection to municipal trading because it was not so dependable for the supply of a commodity to a community as commercial enterprise. Mr. Davies advanced this argument as a result of the investigations of the Chesterfield Chamber of Commerce. He also showed by charts that while the national debt decreased from 3850 million dollars in 1879 to 3300 million dollars in 1898, the local debt had increased from 650 million to 1300 million dollars, and that during the same period the population had increased 23 per cent., the ratable value 27 per cent., the rates 80 per cent., and the local indebtedness 105 per cent. Mr. Davies disagreed with Mr. Garcké that municipalization leads to overtrading, for he thought it leads to stagnation.

Objections from special industries were as follows: ironmongers,⁴ that as ratepayers they object to municipalities competing with them, for the manufacture, sale, and rental of stoves, fittings, etc., by these bodies had made serious inroads on their business; telephone,⁵ that their business was not one in which there could be any competition,

¹ Article in *Contemporary Review* for July 1900.

² *Report*, pp. 122-131.

⁴ *Ibid.*, pp. 230-234.

³ *Ibid.*, pp. 206-213.

⁵ *Ibid.*, pp. 339-343.

for it would only complicate and confuse the service ; concrete and other paving,¹ that some towns were not only making and selling paving in their limits, but were also selling at a distance, and compelling persons inside the town limits to use the products of their manufacture.

From a contractor's standpoint, Mr. Shepherd² said that in the case of a municipality employing its own labor the relationship between employer and employee cannot be preserved. He stated further that there was no possible excuse for corporations to do their own building, for the necessity was never present while private firms were ready to undertake the work. A deleterious effect was that the price of labor in building trades had advanced 35 per cent. during the last ten years. He thought that the London Council had only undertaken building in order to give employment to the Works Department. Mr. Shepherd was not afraid of competition in his business, but on the contrary would welcome an act compelling the municipalities to submit to competition.

In behalf of the Traders' Defence Association Mr. Kelly³ said that the facilities enjoyed by municipalities in Scotland gave them an unfair advantage in commercial trading. He thought gas and water the only commodities in which towns ought to be allowed to trade, because they did not lend themselves to competition as tramways did since there were other means of conveyance. Earl Crewe thought that the oil lamp, the candle, and the electric light could compete in a certain sense with gas, but Mr. Kelly would not see it that way.

Of the fact that the private company better serves the interests of the public than a municipality can, Mr. Livesey⁴ was confident. He considered the corporation management in England not nearly so good as that of Scotland. For the first time Mr. Livesey brought up the question of collective ownership. There were a number of men imbued with this idea on county councils. In Glasgow he said the council was trying to get the works into the hands of the trade-unionists. Two papers⁵ were handed in to show by comparisons that the companies were doing better than the town corporations. A table on one of these showed the reduction in price of gas furnished by the companies between 1883 and 1889. Twenty-one company works charging from \$1.17 to 44 cents in the former year made reductions of from 2 to 27 cents, making the new range from 42 to 90 cents. In the

¹ *Ibid.*, pp. 329-332.

² *Ibid.*, pp. 275-281.

³ *Ibid.*, pp. 267-273.

⁴ *Ibid.*, pp. 258-267.

⁵ Appendices R and S, *Report*, pp. 487-490.

case of seven town works the prices at first ranged from 43 to 65 cents, and later from 43 to 60 cents. These reductions were not so great as those of the companies, but their prices were at a very low ebb to begin with. These figures are not very convincing; neither are those in his other tables.

Glancing over all of these arguments against municipal socialism it is not hard to discover something of a selfish personal motive back of them. The men who advanced them are keen business men, with large sums engaged in enterprises which are being interfered with by the growth of public activity. They are a class of men who have no sympathy with any movement that meditates giving any enlargement of power to the people. They hate with a bitter hatred any movement that hints at co-operation or socialism of the mildest type. They are the men who would have trade unions, co-operative societies, and kindred organizations placed under the ban of the law. They represent the most extreme type of individualism and conservatism. Behind them is the great invested capital of the wealthy and the interests of two or three comparatively small business classes, while on the other side, carrying on and defending and benefiting by municipal trading, with a number of intelligent public-spirited men as leaders, are the great mass of the English people.

It is not within the province of this paper to take up these arguments and give full answers to them, but merely to set forth the position of those who are opposed to this great and spreading movement in English municipal life. But it is not out of place to make a few remarks on the reasons advanced as to why municipal trading should come to an end. The only reasons worth considering are these: (1) municipal authorities are too busy with purely administrative matters to engage in trading; (2) the legitimate sphere of private enterprise is interfered with; (3) there is danger of overtrading; (4) it encourages localism and discourages combination. All the other arguments presented before the Parliamentary Committee either fall under the heads of one of these four, or do not rest on a basis sufficiently specific to entitle them to consideration.

Then there are arguments which lack demonstration because of the absence of definite proof in the way of examples. Assertions were made which could not be supported by illustrations. In one case the town cited as an illustration repudiated the evidence as false.¹

¹ Cardiff, in evidence of Mr. Davies. See *Municipal Journal*, August 17, 1900, pp. 644, 647.

Thus far the evidence adduced by the opposition is not of the most conclusive kind. Although it is evident that there is a strong combination of interests against the further growth of municipal socialism in England, and even to curtail the privileges the towns already enjoy, the evidence and supporting data which has been produced for the investigating committee is for the most part rather spasmodic. What arguments they have offered, however, and the compilations of definite information by Mr. Morse and others deserve careful consideration. The opposition are perhaps in the minority, but they represent powerful interests from whom more will be heard in the future.

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